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MEMORANDUM OF INFORMATION

Subj: Berlin Situation (C)

1. The Special USIB Subcommittee on the Berlin Situation, Special Report dated 19 September 1961, concludes that:

a. Soviet statements over the past two weeks and the agreement to talk with the US in New York suggest that Khrushchev has not foreclosed the possibility of a negotiated settlement as an alternative to proceeding with a separate treaty by the end of the year. The Soviets, however, have rigidly adhered to their stated terms--a German peace treaty and a "free city"--as the framework for negotiations. Repeated Soviet and satellite statements reaffirming the year-end deadline for a peace treaty indicate that the Soviets hope to step up the pace of diplomatic exchanges. The Soviets apparently would prefer a Western initiative to convene formal negotiations at an early date, but failing this they will probably try to exploit the UN session to put pressure on the West to negotiate.

b. As part of their general tactics of intimidation and pressure against the West, the Soviets have made diplomatic threats against civil air traffic to Berlin. Some limited harassments, similar to those in the past, appear likely, but will probably stop short of direct action to interrupt civil or military traffic prior to the conclusion of a peace treaty.

c. Within East Germany popular dissatisfaction--particularly among the youth--remains widespread and continues to be exhibited in a variety of minor anti-regime incidents which became more frequent as the 17 September election approached. Refugee escapes to West Berlin and West Germany are at a total rate of 20 to 30 a day. The regime shows concern about the latent discontent and continues to move vigorously and ruthlessly to maintain control over the population. While self-confidence is displayed at the top level of the party, lower echelon party workers seem nervous, over-worked and edgy. Strikes, passive resistance and even severe local demonstrations remain possible but the regime presently is prepared to take whatever actions are necessary to prevent serious popular outbursts.

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